

## Message Text

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ORIGIN TRSE-00

INFO OCT-01 EUR-12 ISO-00 AID-05 CEA-01 CIAE-00  
COME-00 EB-07 EA-07 FRB-03 INR-07 IO-13 NEA-10  
NSAE-00 OPIC-03 SP-02 LAB-04 EPG-02 SIL-01  
AGRE-00 OMB-01 USIE-00 SSO-00 NSC-05 NSCE-00  
INRE-00 SS-15 OIC-02 XMB-02 L-03 /106 R

DRAFTED BY TREASURY:FLWIDMAN:FF  
APPROVED BY EUR/RPE:PLLAASE  
EUR/RPE - ACALBRECHT  
CEA - WNORDHAUS (SUBSTANCE)  
-----020145 210132Z /13  
O 210056Z JUN 77  
FM SECSTATE WASHDC  
TO AMEMBASSY PARIS IMMEDIATE

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USOECD

E.O. 11652: N/A

TAGS: ECIN, OCON, OECD

SUBJECT: OECD MINISTERIAL: DRAFT COMMUNIQUE

REF: (A) PARIS 18031; (B) PARIS 18011

1. AS MISSION IS AWARE, WE HAVE A NUMBER OF PROBLEMS WITH THE SECTION OF THE DRAFT COMMUNIQUE RELATING TO THE STRATEGY FOR EXPANSION. WE RECOGNIZE THAT NO FURTHER CHANGES WILL BE MADE IN THE DRAFT PRIOR TO THE MEETING. YOU MAY, HOWEVER, WISH TO ALERT DELEGATIONS TO THE FOLLOWING CONCERNS.

2. PARA 12. WE THINK IT ESSENTIAL TO MAKE CLEAR THAT THE LIMITED OFFICIAL USE

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FASTER RATE OF EXPANSION PRESCRIPTION DOES NOT APPLY TO EVERY INDIVIDUAL MEMBER STATE. WE WILL SUGGEST ADDITION OF PHRASE "ALTHOUGH NOT FOR ALL INDIVIDUAL MEMBERS."

3. WE ALSO OBJECT TO MENTION OF SPECIFIC QUANTITATIVE TARGET. THIS IS OUR CLEAR UNDERSANDING OF EPC BUREAU AGREEMENT. LANGUAGE MUST BE CONCEPTUALLY CONSISTENT WITH

RECOGNITION THAT INDIVIDUAL NATION TARGETS REMAIN RESPONSIBILITY OF NATIONAL GOVERNMENTS. OECD CANNOT DIRECT PARTICULAR COUNTRIES TO ALTER THEIR TARGETS AND SO CANNOT REACH A COMMITMENT THAT NECESSARY ACTION WOULD BE TAKEN TO REACH ANY PARTICULAR FIGURE. (FURTHERMORE, PRESENT OUTLOOK SUGGESTS THAT INDIVIDUAL MEMBER TARGETS FOR 1978 ARE UNLIKELY TO BE FULLY CONSISTENT WITH 5 FIGURE.) WE WILL PROPOSE DELETION OF "OF THE ORDER OF A 5 INCREASE IN OECD GNP" AND CHANGING "WOULD" TO "SHOULD" IN PHRASE "WHERE NECESSARY, ACTION WOULD BE TAKEN TO ACHIEVE THIS AIM."

4. LANGUAGE OF PARA 14 GOES WELL BEYOND EPC BUREAU AGREEMENT. COUNTRIES WILL COMMUNICATE THEIR "PRELIMINARY" GOALS. WE ARE NOT PREPARED TO ACCEPT LANGUAGE WHICH IMPLIES THAT OECD WILL TAKE A DECISION AS TO WHETHER AN INDIVIDUAL MEMBER'S GOALS ARE APPROPRIATE. PHRASE "FOR EXAMINATION TO SEE THAT THEY ARE MUTUALLY CONSISTENT AND GLOBALLY APPROPRIATE" SHOULD BE CHANGED ALONG FOLLOWING LINES: "SO THAT THEIR COHERENCE AND GLOBAL IMPLICATIONS CAN BE EXAMINED AND TO PROVIDE" ETC. FINAL DECISIONS ON GROWTH TARGETS MUST REMAIN AS INDIVIDUAL NATIONAL DECISIONS OF SOVEREIGN GOVERNMENTS. SINCE THERE IS NO AGREEMENT THAT WINTER MINISTERIAL SHOULD BE HELD, FINAL SENTENCE OUGHT TO BE DELETED. INCLUSION IS EFFORT TO PREJUDICE THE CASE. WHILE WE SHOULD NOT RULE OUT THE POSSIBILITY THAT CIRCUMSTANCE MIGHT DEVELOP WHICH MADE MINISTERIAL LIMITED OFFICIAL USE

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ADVISABLE, WE DO NOT WISH TO CALL FOR A WINTER MINISTERIAL AS REGULAR PART OF THE MACRO-ECONOMIC POLICY MONITORING PROCESS. WE SHOULD NOT ESTABLISH PROCEDURE WHICH IMPLIES THAT NATIONAL GOVERNMENTS HAVE SOME OBLIGATION TO ALTER NATIONAL ECONOMIC POLICY OBJECTIVES TO CONFORM WITH SOME OECD DETERMINED QUANTITATIVE TARGET.

5. IN PARA 15, WE DISAGREE WITH IMPLICATION THAT SPECIFIC MEASURES TO INCREASE EMPLOYMENT ARE OF LESS IMPORTANCE IN COUNTRIES WHERE UNEMPLOYMENT REMAINS HIGH DESPITE PURSUIT OF EXPANSIONARY MACRO POLICIES. IN SUCH COUNTRIES, SPECIFIC MEASURES WOULD APPEAR TO BE THE ONLY ADDITIONAL POLICIES WHICH WOULD BE APPROPRIATE. THEREFORE, WE WOULD SUGGEST DELETION OF LATTER PART OF FIRST SUB-PARAGRAPH. WE WOULD URGE ADDITION OF PHRASE SUGGESTING THAT SPECIFIC MEASURES WOULD BE DESIGNED TO REDUCE UNEMPLOYMENT RESULTING FROM RAPID STRUCTURAL AND TECHNOLOGICAL CHANGES WHICH HAVE ALTERED REQUIREMENTS FOR LABOR SKILLS AND LOCATIONS AND CONDITIONS OF LABOR NEEDS AS WELL AS TO ADJUST TO CHANGES IN THE NATURE OF THE LABOR FORCE -- I.E., THE GENERALLY RISING PERCENTAGE OF WOMEN SEEKING EMPLOYMENT AND THE INCREASED MEMBERS OF YOUTH REACHING EMPLOYMENT AGE.

6. IN THIRD SUB-PARAGRAPH IT IS IMPORTANT TO SEPARATE THE CONCLUSION THAT THERE IS A NEED TO INCREASE THE RETURN ON INVESTMENT FROM THE IMPLICATION THAT THE ONLY WAY TO INCREASE THAT RETURN IS THROUGH "A GREATER CONSENSUS BETWEEN GOVERNMENT, LABOR AND MANAGEMENT."

7. IN PARA 16, WE WILL SUGGEST DELETION OF SPECIFIC REFERENCE TO THE UNITED STATES AND SUBSTITUTION OF A MORE GENERAL STATEMENT TO THE EFFECT THAT SUBSTANTIAL PROGRESS TOWARD A MORE SUSTAINABLE PATTERN OF INTERNATIONAL PAYMENTS IS BEING ACHIEVED.

8. PARA 16. WE WILL PROPOSE DELETION OF SECOND SENTENCE LIMITED OFFICIAL USE

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AND SUBSTITUTION OF A PHRASE URGING ALL MEMBER GOVERNMENTS TO STUDY THE ANALYSIS AND TO CONSIDER THE SPECIFIC RECOMMENDATIONS OF THE REPORT IN THE LIGHT OF THEIR INDIVIDUAL SITUATIONS, TRADITIONS AND INSTITUTIONS. VANCE

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## Message Attributes

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